

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

Plaintiff,

V.

Defendant.

CASE NO.:

3-07 CV 1064-N

PARTIES

2. Pro Line is a Texas corporation with its principal place of business in Irving, Texas. Pro Line is engaged in the business of printing newspaper inserts, does business in Texas and may be served with process through its registered agent, John G. Brown, 101 Decker Drive, Suite 100, Irving, Texas 75062.

3. This Court has original jurisdiction over this matter pursuant to 28 U.S.C. §1332(a). The matter in controversy exceeds the sum or value of \$75,000, exclusive of

interest and costs, and is between citizens of different states, as Hostmann is a Delaware corporation with its principal place of business in Illinois and Pro Line is a Texas corporation with its principal place of business in Texas.

4. Venue is proper in this judicial district under 28 U.S.C. §1391(a) because Pro Line resides in this district and a substantial part of the events giving rise to Hostmann's claims occurred in this district.

COUNT 1
(Breach of Contract)

5. Hostmann restates and realleges the allegations set forth in paragraphs 1-4 above, as if fully set forth herein.

6. On January 1, 2006, Hostmann and Pro Line entered into an Ink Supply Agreement (the "Agreement"). A copy of the Agreement is attached hereto as Exhibit A. The term of the Agreement was for thirty-six months, commencing on January 1, 2006, and ending on December 31, 2008. The Agreement referred to each 12-month period, beginning on January 1 and ending on December 31, as a "Supply Year."

7. Pursuant to the Agreement, Pro Line agreed to purchase from Hostmann printing inks for use at specific Pro Line locations in connection with Pro Line's printing business. The Agreement required Pro Line to purchase 90 percent of its aggregate ink purchases from Hostmann and a minimum of 12 million pounds of printing inks for each of the three Supply Years.

8. Pro Line's purchase of printing inks for the 2006 Supply Year was below the minimum 12 million pounds as required under the Agreement. As a result, Pro Line breached the Agreement.

9. Because of Pro Line's failure to purchase the minimum amount of printing inks under the Agreement, Hostmann suffered actual damages in an amount in excess of \$75,000, including, but not limited to lost sales and lost profits.

10. Hostmann satisfactorily performed all of its obligations under the Agreement.

11. Plaintiff has been required to employ the undersigned attorneys in order to prosecute its claim for breach of contract. Pursuant to Sec. 38.001, Texas Civil Practices and Remedies Code, Plaintiff is entitled to recover its reasonable attorneys' fees from Defendant.

WHEREFORE, Plaintiff, Hostmann-Steinberg Inc., requests this Court to enter judgment in its favor and against Defendant, Pro Line Printing, Inc., in an amount in excess of \$75,000, plus interest, and such other relief as this Court deems fair and just.

COUNT II
(Specific Performance)

12. Hostmann restates and realleges the allegations set forth in paragraphs 1-10 above, as if fully set forth herein.

13. Currently, the Agreement continues between Hostmann and Pro Line. Pro-Line's obligations to purchase a minimum of 12 million pounds of printing inks for each Supply Year under the Agreement also continue

14. Pro Line is breaching the Agreement by failing to purchase enough printing inks such that it would be able to meet the minimum of 12 million pounds required under the Agreement for the 2007 Supply Year.

15. As a result, Hostmann is injured and will continue to be injured as a result of Pro Line's failure to perform its obligations under the Agreement.

16. There is no adequate remedy at law for Pro Line's failure to perform its obligations under the Agreement.

17. At all times relevant herein, Hostmann has satisfactorily performed all of its obligations under the Agreement.

JURY DEMAND

Pursuant to F.R.C.P. Rule 38, Plaintiff demands a trial by jury of all issues.

WHEREFORE, the Plaintiff, Hostmann-Steinberg Inc., requests this Court to enter an Order in its favor and against Defendant, Pro Line Printing, Inc., requiring Pro Line to comply with the purchase requirements regarding printing inks for the 2007 Supply Year pursuant to the Agreement, and such other relief as this Court deems fair and just.

Respectfully submitted,

By: William Dixon Wiles

William Dixon Wiles
State Bar No. 21467800

**HIERSCHE, HAYWARD, DRAKELEY
& URBACH, P.C.**

Suite 700, 15303 Dallas Parkway
Addison, Texas 75001
972-701-7000 (Telephone)
972-701-8765 (Fax)

ATTORNEYS FOR PLAINTIFF

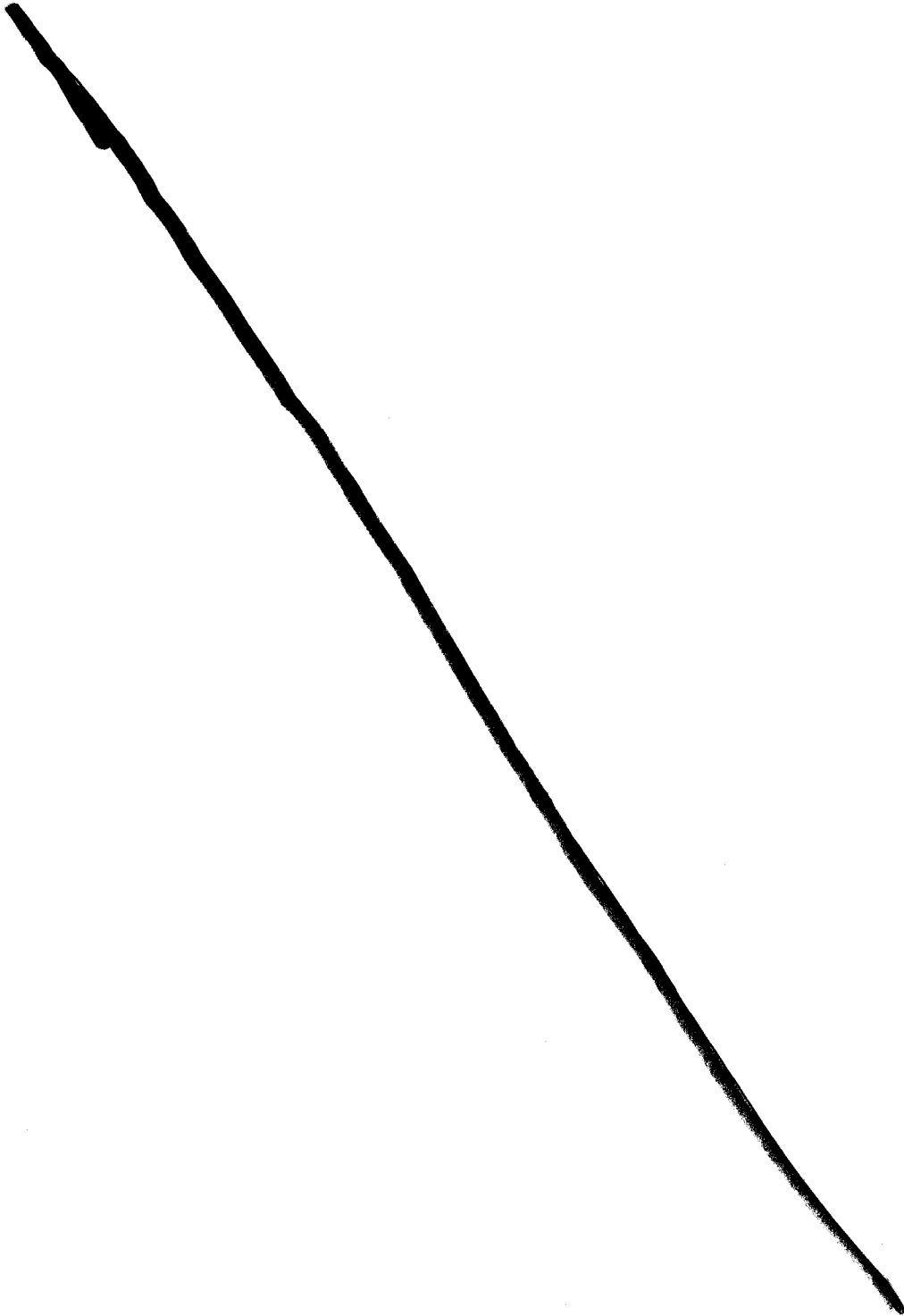


EXHIBIT "A"

INK SUPPLY AGREEMENT

THIS INK SUPPLY AGREEMENT is entered into by and between MICRO INKS CORPORATION, ("Micro") and PRO LINE PRINTING, INC., ("Pro-line") and is effective as of January 1, 2006 (the "Effective Date"). This Agreement replaces and supersedes all prior agreements between Micro and Pro-line.

1 TERM

- 1.2.1 Unless terminated earlier, the term of this Agreement shall be for thirty six (36) months, commencing on January 1, 2006, and ending on December 31, 2008. For the purpose of this Agreement, each "Supply Year" shall begin on January 1, and shall end on December 31.

2 VOLUMES, PRICING, PAYMENT AND OTHER TERMS

- 2.2 Supply Quantity: The quantity to be supplied for each of the Supply Years shall be at least 90% of Pro-line's aggregate ink purchases (in volume) subject to a minimum of 12 million lbs. The allocation of locations will be in order of
- Charlotte NC; 100% of Printing Ink requirements
 - Avon, CT; 100% of Printing Ink requirements
 - Dallas, TX; 100% of Printing Ink requirements
 - Reno, NV; the balance of contract quantity specified above
- 2.3 Pricing
- 2.3.1 The prices of the current products will be as set forth on Schedule A-1. This price is guaranteed for a period of one year. The prices for subsequent years will be finalized and agreed 60 days prior to the commencement of the Supply Year. If Micro and Pro-line are unable to reach an agreement on the price applicable for any Supply Year, Pro-line, except for increases as specified in 2.3.2, has the right to terminate this Agreement with 60 days notice.
- 2.3.2 The prices for any Supply Year will be higher by \$0.02/lbs, if the actual purchase for the preceding Supply Year does not meet the minimum quantity commitments specified in Section 2.2.
- 2.4 Payment Terms. Payment terms are net 30 days from the date of invoice. No extended payment terms will be allowed without prior consultation and consent of Micro.
- 2.5 Delivery. All deliveries to Pro-line by Micro shall be FOB Pro-line's plant.

2.6 Billing terms: Invoicing of bulk shipments will be based on the meter reading of pump off scale tickets and the invoices will be generated upon the return of the trailer to Micro facility. In the case of tote shipments, the invoicing will be done every 15 days, based on receipt of consumption report from each Pro-line plant.

2.7 Incentive: Micro agrees to waive amortization of any and all incentive money.

3 MISCELLANEOUS

3.1 Merger, Severability, and Waiver. This Agreement constitutes the entire understanding between the parties with respect to the sale and purchase of all products between the parties. If any of the provisions of this Agreement are declared invalid, illegal or unenforceable, the validity of the remaining provisions shall not be affected. Waiver of any default or breach of this Agreement shall not constitute or be construed as a waiver of any other default or breach.

3.2 Assignment. Without the prior written approval of Micro Inks, Pro-line shall not permit any assignment, pledge or hypothecation of this contract or any rights hereunder. This Agreement shall inure to the benefit of and shall be binding upon the parties to this Agreement and their successors and permitted assigns.

3.3 Termination. Pro-line agrees that if there are quality issues with Micro's products, Micro will have sixty (60) days from the date of Pro-line's written notice to Micro to correct the quality issues to the satisfaction of Pro-line. If such issues are not cured to Pro-line's satisfaction within said sixty (60) day period, Pro-line shall have the right to terminate this Agreement effective upon the expiration of said sixty (60) day period, without any further liability hereunder.

3.4 Amendment. No amendment or modification of any of the provisions of this Agreement shall be binding upon the parties unless made in writing and signed by a duly authorized representative of each party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

MICRO-INKS CORPORATION

By: [Signature]
Name: [Signature]
Title: V.P. (Operations)
Date: 02-08-06

PRO LINE PRINTING, INC.

By: [Signature]
Name: JOHN R. BROWN
Title: CEO
Date: 1-1-06

SCHEDULE A-1**Pricing**

Description	Price
Thermo Print Low tack Heatset Process Black	\$0.78
Thermo Print Low Tack Heatset Process Cyan	\$1.19
Thermo Print Low Tack Heatset Process Magenta	\$1.19
Thermo Print Low Tack Heatset Process Yellow	\$1.09
Set Price	\$4.25

Description	Price
Thermo Print High Tack Heatset Process Black	\$1.17
Thermo Print High Tack Heatset Process Cyan	\$1.62
Thermo Print High Tack Heatset Process Magenta	\$1.60
Thermo Print High Tack Heatset Process Yellow	\$1.37
Set Price	\$5.76

Above prices are based on Tote or bulk quantities. Standard differentials apply in case of shipments in drums or kits.

CIVIL COVER SHEET

JS 44 (Rev. 10/06)

JUN 14 2007

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS Hostmann-Steinberg Inc. f/k/a Micro Inks Corporation, a Delaware corporation	DEFENDANTS Pro Line Printing, Inc. <div style="text-align: center; font-size: 1.5em; font-weight: bold;">3-07 CV 1064-N</div>
(b) County of Residence of First Listed Plaintiff <u>Kankakee, Illinois</u> (EXCEPT IN U.S. PLAINTIFF CASES)	County of Residence of First Listed Defendant <u>Dallas, Texas</u> (IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.	
(c) Attorney's (Firm Name, Address, and Telephone Number) William Dixon Wiles, Esq., Hiersche, Hayward, Drakeley & Urbach, PC 15303 Dallas Parkway, Suite 700, Addison, TX 75001 - 972-701-7000	Attorneys (If Known) John W. Harris, Esq., Jordan, Dunlap, Prather & Harris, L.L.P. Campbell Centre II, Suite 1800, 8150 N. Central Exprw., Dallas, TX 75206

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)	III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)																								
<input type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>PTF</th> <th>DEF</th> <th></th> <th>PTF</th> <th>DEF</th> </tr> <tr> <td>Citizen of This State</td> <td><input type="checkbox"/> 1</td> <td><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business In This State</td> <td><input type="checkbox"/> 4</td> <td><input checked="" type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input checked="" type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business In Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input checked="" type="checkbox"/> 4	Citizen of Another State	<input checked="" type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. NATURE OF SUIT (Place an "X" in One Box Only)				
CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input checked="" type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	

V. ORIGIN (Place an "X" in One Box Only)						
<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify)	<input type="checkbox"/> 6 Multidistrict Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judgment

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

VI. CAUSE OF ACTION	Brief description of cause: Breach of contract
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VII. REQUESTED IN COMPLAINT:	<input type="checkbox"/> CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23	DEMAND \$ _____
		CHECK YES only if demanded in complaint: JURY DEMAND: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

VIII. RELATED CASE(S) PENDING OR CLOSED (See instructions): JUDGE _____	DOCKET NUMBER _____
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DATE JUNE 14, 2007	SIGNATURE OF ATTORNEY OF RECORD William Dixon Wiles
FOR OFFICE USE ONLY	

RECEIPT # _____	AMOUNT _____	APPLYING IFP _____	JUDGE _____	MAG. JUDGE _____
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